

## **PUBLIC NOTICE**

Pursuant to Georgia Administrative Comp. Ch. 350-6-.03(2), the Georgia Department of Community Health is required to give public notice of the manner of disbursement of Indigent Care Trust Fund appropriations.

### **DISPROPORTIONATE SHARE HOSPITAL PAYMENTS**

The federal Disproportionate Share Hospital (DSH) Program makes funds available to hospitals to help cover the costs of uncompensated care to Medicaid members and the uninsured. The DSH Program is administered through the Indigent Care Trust Fund.

#### **ELIGIBILITY:**

Effective for DSH payment adjustments made on or after December 1, 2007, hospitals that are eligible to receive DSH payment adjustments under federal DSH criteria will be eligible to receive an allocation of available DSH funds.

#### Federal Criteria:

1. The hospital has a Medicaid inpatient utilization rate of at least 1%; AND
2. The hospital has at least two (2) obstetricians who have staff privileges at the hospital and who have agreed to provide obstetric services to Medicaid recipients. This requirement does not apply to a hospital of which the inpatients are predominately individuals under 18 years of age or to hospitals which did not offer non-emergency obstetric services to the general population as of December 22, 1987. In the case of a hospital located in a rural area, the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures. For rural hospitals subject to a federal requirement to provide obstetric services, as an alternative to determining whether deliveries are provided at the hospital, the Department will consider the following factors:
  - a. The hospital must have two or more physicians with staff privileges that are:
    - i. Enrolled in the Medicaid program;
    - ii. Credentialed to provide OB services at the hospital in family practice, general practice, or obstetrics; and
    - iii. Located within 25 miles of the hospital or in an office in the hospital network or must attest to attendance at the hospital on some routine basis; and

- b. The hospital must be able to provide at least one obstetric service that is currently covered by Medicaid and appropriate to be provided in a hospital-based setting.

For federal DSH criteria, a hospital will be considered a rural hospital if a hospital's county is not in a Metropolitan Statistical Area, as defined by the United States Office of Management and Budget, OR is a county having a population of less than 35,000 according to the United States decennial census; provided, however, that for counties which contain a military base or installation, the military personnel and their dependents living in such county shall be excluded from the total population of that county.

#### **ALLOCATION METHODOLOGY:**

Effective for DSH payment adjustments made on or after December 1, 2007, the following methodology will be used for determining payment amounts:

1. For each federal fiscal year, the amount of funds available for DSH payments will be determined based on the state's federal allotment and required state matching contribution.
2. Hospitals that meet federal DSH eligibility criteria will be eligible to receive an allocation of available DSH allotment funds.
3. The maximum amount of DSH payments (i.e., DSH Limit) for each hospital will be the hospital's loss incurred for services provided to Medicaid and uninsured patients based on federal definitions.
4. The amount of funds available for DSH payments will be allocated among eligible hospitals.
5. Each hospital's DSH limit is subject to the following DSH limit adjustments for allocation purposes:
  - a. For hospitals receiving Upper Payment Limit (UPL) rate adjustments, the allocation basis will be increased by the amount of any intergovernmental transfer or certified public expenditure provided on behalf of the hospital.
  - b. For hospitals receiving rate adjustment payments related to medical education, neonatal services or services provided under contract with the Georgia Department of Human Resources, the allocation basis will be increased by the amount of such rate adjustments.

6. The department will utilize the following steps to determine the amount each hospital is eligible to receive in DSH payments.
  - a. Step 1: Determine the adjusted DSH limit (as determined in #5) as a percentage of total cost for each hospital.
  - b. Step 2: For each hospital, multiply the hospital-specific percentage determined in Step 1 by the hospital's adjusted DSH limit. For non-public hospitals, the outcome of this calculation will be multiplied by the rate of federal matching funds for Medicaid benefit payments.
  - c. Step 3: For each hospital, divide the hospital-specific amount identified in Step 2 by the aggregate "step 2" amount which will result in a hospital-specific allocation factor.
  - d. Step 4: Apply the hospital's allocation factor calculated in Step 3 to the total amount of DSH funds available. This will result in the hospital's DSH payment. Should the DSH payment amount calculated for a hospital exceed the hospital's DSH limit, the excess amount will be redistributed to the remaining hospitals in the allocation pool.
7. To mitigate significant increases and decreases in hospital-specific DSH payments, the department may utilize the following mechanisms to transition to this new methodology:
  - a. The department may apply a cap to the maximum percentage of a hospital's DSH limit that can be covered by a DSH payment.
  - b. The department may use prior year payment amounts to establish a stop loss or stop gain.
  - c. The department may apply a cap to the level of DSH payments available to newly eligible hospitals that were ineligible for FY 2007 DSH payments.
  - d. The department may create separate allocation pools for small-rural hospitals, Grady Memorial Hospital, and all other hospitals. In this case, the calculations performed in #6 will be done within each pool.
    - i. Small rural hospitals are defined as hospitals with less than 100 beds located in rural counties. A county will be considered rural if it is not in a Metropolitan Statistical Area, as defined by the United States Office of Management and Budget, OR if it has a population of less than 35,000 according to the United States decennial census; provided, however, that for counties which contain a military base or installation, the military personnel and their dependents living in such county shall be excluded from the total population of that county.
8. Total DSH payment amounts for non-public hospitals will be compared to the maximum amount of payments that may be made to these facilities, determined by the amount of State matching funds appropriated to the Department for this

specific purpose. Should the DSH payment amounts calculated exceed the maximum amount, the excess will be redistributed from the non-public hospitals to the public hospitals by increasing the total amount of DSH funds available to the public hospitals in Step 4 of #6.

9. The state share of DSH payment amounts for public hospitals will come from intergovernmental transfers made on behalf of or by the public hospital.

The purpose of these changes is to more appropriately distribute available DSH funds. These changes are not expected to impact the amount of annual expenditures for these programs. This change is contingent on approval of available federal financial participation by the Centers for Medicare and Medicaid Services. The applied methodology and a summary of proposed DSH payments for FY 2008 are available on the department's website at the following link: [www.dch.georgia.gov](http://www.dch.georgia.gov). Select "Providers", "Hospitals", "Hospital Advisory Committee", "Presentations and Handouts", and "October 11, 2007 – DCH Recommendation to the DCH Board on FY 2008 DSH Payments".

This public notice is available for review at each county Department of Family and Children Services office. An opportunity for public comment will be held on October 25, 2007 10 a.m., at the Department of Community Health, 2 Peachtree Street, N.W., 40th Floor Board Room, Atlanta, Georgia 30303. Individuals who are disabled and need assistance to participate during this meeting should call (404) 656-4479. Citizens wishing to comment in writing on any of the proposed changes should do so on or before October 29, 2007, to the Board of Community Health, Post Office Box 38406, Atlanta, Georgia 30334.

Comments submitted will be available for review by the public at the Department of Community Health, Monday – Friday, 9:00 a.m. to 4:30 p.m., in Room 4074, 2 Peachtree Street, N.W., Atlanta, Georgia 30303.

Comments will be summarized and provided to the Board of Community Health prior to the November 8, 2007 Board meeting. The Board will vote on the proposed changes after comments have been received. The November Board meeting will be held at 10:30 a.m. in the Floyd Room of the Twin Towers Building, 20th Floor, West Tower, 200 Piedmont Avenue, Atlanta, Georgia.

**NOTICE IS HEREBY GIVEN THIS 11th DAY OF OCTOBER, 2007**  
**Rhonda M. Medows, M.D., Commissioner**